

# KLDC

## KINGSTON LOCAL DEVELOPMENT CORPORATION

James M. Sottile, President

Michael F. Murphy  
Portfolio Manager

February 15, 2011

*John H. Dwyer,*  
*Vice President*

*Daniel P. Mills*  
*Treasurer*

*Bradley Jordan,*  
*Secretary*

*Rev. James Childs*

*Glenn Fitzgerald*

*Raymond C. Guerin*

*Richard B. Mathews*

*John Murphy*

*an Potter*

*Thomas J. Reinhardt*

### MEMORANDUM

**TO:** BOARD OF DIRECTORS - KINGSTON LOCAL DEVELOPMENT CORPORATION  
JAMES NOBLE, CITY OF KINGSTON ALDERMAN AT LARGE  
ARLENE RION, CITY CLERK  
AMANDA L. BRUCK-LITTLE, RECORDING SECRETARY KLDC  
STEPHEN M. FINKLE, ECONOMIC DEVELOPMENT DIRECTOR  
SUZANNE CAHILL, CITY PLANNER  
BRENNA ROBINSON, EMPIRE ZONE COORDINATOR  
MICHAEL F. JORDAN, ESQ., COUNSEL KLDC  
DANIEL MARSH III, NATIONAL DEVELOPMENT COUNCIL DIRECTOR  
DAILY FREEMAN, 79 HURLEY AVENUE, KINGSTON, NY 12401  
WKNY, PO BOX 1398, KINGSTON, NY 12402  
WGHQ, 82 JOHN STREET, KINGSTON, NY 12401  
BRIAN JONES, WPHD/WCZX/WEOK/WRRV, PO BOX 416, POUGHKEEPSIE, NY 12602  
POSTMASTER, PO BOX 9998, KINGSTON, NY 12402-9998  
MICHAEL F. MURPHY, COMMUNITY DEVELOPMENT DIRECTOR/PORTFOLIO MANAGER

**FROM:** JAMES M. SOTTILE, MAYOR/PRESIDENT OF KLDC BOARD OF DIRECTORS

**RE:** KINGSTON LOCAL DEVELOPMENT CORPORATION BOARD MEETING

Please be advised that a meeting of the Kingston Local Development Corporation will be held at **8:00 a.m., Wednesday, February 23<sup>rd</sup>** Said meeting will be held in the Mayor's Conference Room, City Hall, 420 Broadway, Kingston, NY 12401.

### AFFIDAVIT OF MEETING:

I, Bradley Jordan, Secretary for the Board of Directors of the Kingston Local Development Corporation, did on the **15<sup>th</sup> day of February, 2011** mail this notice to the individuals listed above. Mailing was accomplished by sealing said notice in an envelope and depositing same, with postage thereon, full pre-paid, with the United States Post Office.

  
BRADLEY JORDAN, SECRETARY

# *KINGSTON LOCAL DEVELOPMENT CORPORATION*

## AGENDA

Wednesday, February 23, 2011 @ 8:00 a.m.

1. Call to Order
2. Approval of Minutes of Previous Meeting from 12/2/2010
3. \$ 75,000 Term Loan -Tony's Pizzeria
4. Rosita's
5. Past Due Accounts
6. Adjournment

If you are **unable** to attend please notify Michael Murphy (334-3924) or Amanda Bruck-Little (334-3930). If we do not have a quorum we are unable to vote on any matters at hand.

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#### **PRESENT:**

BOARD MEMBERS - President Sottile, Vice President Dwyer, Secretary Jordan, Fitzgerald, Murphy, Rev. Childs

COMMUNITY DEVELOPMENT DIRECTOR / PORTFOLIO MANAGER – M. Murphy

RECORDING SECRETARY - Bruck-Little

BOARD ATTORNEY - M. Jordan

ECONOMIC DEVELOPMENT DIRECTOR - Finkle

CITY PLANNER - Cahill

#### **ABSENT:**

BOARD MEMBERS – Treasurer Mills, Potter, Guerin, Mathews & Reinhardt

EZ COORDINATOR - Robinson

Meeting was called to order by President Sottile at 8:09 am.

A motion to accept the minutes from the previous meeting of December 2, 2010 was made by Vice President Dwyer and second by Mr. J. Murphy. Passed unanimously.

**Tony's Pizzeria - \$75,000 Term Loan** – Mr. M. Murphy has been working with Rondout Savings Bank, Attorney's Michael Jordan, Thomas Murphy regarding the purchase of Tony's Pizzeria located at 582 Broadway. Dylan Kennedy, Nealy Farrell and Hillary Farrell are in the process of forming a limited liability partnership to purchase the property consisting of the restaurant, two store fronts, a small warehouse, a three bedroom apartment and the equipment of Tony's Pizzeria. The building has been appraised at \$220,000 and the purchase price is \$150,000. Rondout Savings Bank would hold a first mortgage in the amount of \$65,000, KLDC would hold a second mortgage in the amount of \$75,000 and Rondout Savings would hold a third mortgage in the amount of \$20,000. The vast majority of funding would be used for the purchase of the property and to pay off the taxes owed on the property. At 8:15 am Mr. Kennedy and Ms. N. Farrell came before the Board to request a KRLF 10 year term loan with a 15 year amortization in the amount of \$75,000. They introduced themselves and Ms. Farrell is a graduate of the Culinary Institute of America and plans on having a similar menu of the former restaurant in addition to new dishes. Mr. Kennedy will be managing and Ms. H. Farrell will be overseeing the day-to-day operations. Mr. Kennedy explained that they plan to be open by May 2011 hosting a family friendly environment and hope to create 10-12 new jobs in an effort to help revitalize the Mid Town area. Eventually they will be tearing down one of their 2 additional store fronts to accommodate more seating and hope to rent the other storefront. The 3 bedroom apartment is already rented. After meeting with Mr. Kennedy & Ms. Farrell the Board had a brief discussion regarding their request. A motion was made by Mr. Fitzgerald for the KLDC to make the 10 year term loan in the amount of \$75,000 for Tony's Pizzeria to Mr. Kennedy and Ms. N. Farrell and Ms. H. Farrell. Second by Rev. Childs. Vice President Dwyer abstained due to business conflict. Motion carried.

**Rosita's Mexican Restaurant** – The prospective buyer has increased their initial offer of \$1.2 to \$1.5 for the purchase of the property and restaurant. To date Mr. William Melkesetian has 3 delinquent accounts with KLDC that date back to October 2008. HUD has been contacted, and the funds used for Rosita's were from the NYS Small Cities Program between 1999 and 2001. All grant years have been successfully closed out since becoming an entitlement city in 2004. At this point these funds can be used at the discretion of KLDC. The original project was an economic development project and can be used for same purpose without recourse. It is the recommendation to allow the prospective buyer to assume the 2 CDRLF loans totaling principal in the amount of \$189,103.75. The remaining interest of \$55,000 will still be due and payable by Mr. Melkesetian. The prospective buyer must be in contract by May though they would not need property until early fall of 2011. Should they not be able to be in contract and purchase said property within their allotted time frame, they will look further north (Saugerties). A motion was made by Secretary Jordan dependant on a signed contract between the prospective buy and Mr. Melkesetian no later than May 1, 2011 to approve the recommendation to allow the prospective buyer to assume the 2 CDRLF loans totaling principal in the amount of \$189,103.75 and remaining interest of \$55,000 will still be due and payable by Mr. Melkesetian. If the two parties have not entered into contract by said date the Board gives permission to both Mr. M. Murphy and Attorney Jordan to send Mr. Melkesetian a letter initiating intent to foreclose. Second by Mr. Fitzgerald. Motion carried.

**Kingston Business Park** – Mr. M. Murphy informed the Board that the roadway leading up to the Business Park has many cracks, dead trees and overgrown brush. An estimate of approximately \$10,000 for the work has been obtained as a guide for the cost. The actual work would be subject to an RFP and would be paid from the operational account. A motion was made by Secretary Jordan to initiate an RFP for scope of work and approve spending up to \$10,000 from the operational account to fix the road and have dead trees and overgrown brush removed. Second by Vice President Dwyer. Motion carried.

**Villa Carmella** - They have been past due for the past two years but have been making weekly payments of \$500 for the past 12 weeks. They have two outstanding mortgages with Mid Hudson Valley Federal Credit Union with a balance of \$144,912.97 and \$153,489.48 both loans are at 8% with a 15 year amortization. The Credit Union has agreed to combine the two loans and lower the interest rate to 6.25% and increase amortization from 15 years to 25 years. This will give the borrowers a reduction of \$2,406 a month or \$28,879 annually. The borrowers would like to subordinate both KLDC loans in order to achieve the interest rate reduction and longer amortization period which will enable them to increase their payment from \$500 to \$2500 until the two loans are brought current. A motion was made by Rev. Childs to approve subordination of said loans and to have Mr. M. Murphy and Attorney Jordan sit down to do a loan modification. Second by Mr. Fitzgerald. Motion carried.

**Armor Dynamics, Inc. (ADI)** – Mr. Finkle told the Board as of this date ADI has not complied with the numerous requests of the Board to supply the financial information they were required to submit for their review. According to Mr. Finkle, ADI has hired 2 employees and has been subleasing part of the building to another company. The Board has discussed this issue at a few meetings and according to the lease with ADI the company is not permitted to sublease the building. ADI is in arrears for \$40,000 in back rent, bringing to question where the money from subleasing space is going to. They have not made any effort to contact the KLDC to see what the repercussion would be for operating outside the terms of the lease or requesting permission to sublease. Upon deliberation among Board members a motion was made by Secretary Jordan to authorize Mr. M. Murphy and Attorney Jordan to send a letter to ADI giving them 30 days notice as per the lease to let them know the Board will seek whatever remedies necessary due to their default in non-payments and unauthorized subleasing of the building. Second by Vice President Dwyer. Motion carried.

**KRNH-** M. Murphy told the Board he has made several attempts to try to collect payment but to no avail. A motion was made by Secretary Jordan to authorize Attorney Jordan to research their loan documents and present a line of action for the Board to pursue. Second by Mr. Fitzgerald. Motion carried.

**Valerie's** - Mr. M. Murphy informed the Board that the offer that was on the table to buy the restaurant fell through and she still has not made any effort to pay on her two outstanding loans. A motion was made by Mr. Fitzgerald to authorize Attorney Jordan to begin foreclosure proceedings. Second by Vice President Dwyer. Secretary Jordan abstained. Motion carried.

**Noah Hotel** – Mr. M. Murphy told the Board that to date Mr. Blachman has not made is payment of \$120,000 which was due December 31, 2010. The Board discussed the courtesies and patience they have had regarding this loan and have decided enough is enough. A motion was made by Secretary Jordan to authorize Attorney Jordan to send notice of intent to foreclose to Mr. Blachman. Second by Vice President Dwyer. Motion carried.

At 9:16 am a motion was made by Vice President Dwyer to adjourn. Second by Secretary Jordan. Motion carried.

Respectively Submitted,

A handwritten signature in black ink, appearing to read "Amanda L. Bruck-Little". The signature is written in a cursive, flowing style.

Amanda L. Bruck-Little  
Recording Secretary